



BOARD OF SUPERVISORS

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Chief Operating Officer

COUNTY OF LOS ANGELES  
DEPARTMENT OF HEALTH SERVICES  
313 N. Figueroa, Los Angeles, CA 90012  
(213) 240-8101

March 14, 2005

TO: Each Supervisor

FROM: Thomas L. Garthwaite, MD  
Director and Chief Medical Officer

A handwritten signature in black ink, appearing to read "Thomas L. Garthwaite", is written over the printed name and title.

**SUBJECT: NAVIGANT CONSULTING, INC. CONTRACT AUGMENTATION  
REQUEST**

The representatives from Navigant Consulting, Inc. have approached the Department of Health Services to seek an augmentation of the agreement with the County to add additional personnel at King/Drew Medical Center.

The original agreement is broken into two components. The first is the provision of interim management services, in the form of a Chief Executive Officer, Chief Operating Officer, Chief Nursing Director, Medical Advisor, and several other key day-to-day management positions. The second component is the performance of a facility-wide assessment and the development and implementation of recommendations to correct clinical and operational deficiencies at the hospital.

Navigant has requested additional personnel to assist with both interim management and implementation activities. The Department has met with Navigant on several occasions to discuss their proposal and attached is the request provided by Navigant.

Specifically, they have requested five additional nurse managers for Psychiatry, Intensive Care, Emergency Services, Medical-Surgical, and the Operating Rooms. In recognition of the number of nursing management vacancies that have existed at King/Drew Medical Center, the original contract referenced that upon completion of the assessment, as necessary, Navigant would return to the Department with a

recommendation of whether and how many additional nurse managers would be required to assist in the interim management of the hospital. The contract includes a set rate for these positions of \$36,000 per month. The Department concurs with this request, based on the difficulty the hospital has in recruiting qualified nurse managers for these positions and the need to provide management oversight and direction to these critical areas, pending the recruitment of permanent managers.

While Navigant has requested the additional positions for the duration of the contract, they also have provided in the attached proposal a draft schedule of a recruitment timeline with regard to the management positions and how this would affect the total cost over the term of the agreement. Both DHS and the Department of Human Resources are working closely with Navigant on the recruitment of personnel to these key management positions.

Among the areas in which the Navigant assessment identified significant problems were with the administration and integration of outpatient services and physician performance and management. To support the implementation of their recommendations in these two areas, Navigant has requested two additional positions under the contract. The Physician Advisor would work such issues as performance management, peer review, and physician coverage and quality issues and the Ambulatory Care Advisor would address problems related to clinic scheduling, patient flow between clinics and ancillary services, and realigning clinic operations with patient volume. The Department agrees with Navigant's assessment of the problems that exist with the management of clinical services at King/Drew Medical Center and supports the addition of these two positions to the contract.

Finally, Navigant has determined that several of the positions originally included in the interim management staffing under the contract – specifically the advisors on Human Resources, Information Technology, and Dietary – are no longer required, as the available resources within the Department and the County can support restructuring activities in these areas. The monthly amount associated with these three positions will be used by Navigant to bring in short-term support to the interim management activities, upon the Department's concurrence, on an as-needed basis.

The total additional annual cost associated with these supplemental positions would be \$3,422,250, which would bring the total contract amount to \$16,672,250. The cost for the additional nurse manager positions, including expenses, would be \$2,385,000 and the cost for the Physician and Ambulatory Care Advisors, including expenses, would be \$1,037,250.

The Department has discussed this request in detail with Navigant and, as noted above, agrees with the need for additional personnel to support Navigant's efforts to

Each Supervisor  
March 14, 2005  
Page 3

correct the operational and clinical deficiencies at King/Drew Medical Center. A Board letter will be placed on the March 29, 2005, for your Board's consideration, incorporating these additions to the Navigant your Board's approval.

The Department will continue to monitor Navigant's performance in meeting the contract deliverables. Please let me know if you have any questions.

TLG:ak

Attachment

c: Chief Administrative Officer  
County Counsel  
Executive Officer, Board of Supervisors



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813.277.1971 fax

March 3, 2005

Thomas L. Garthwaite, MD  
Director and Chief Medical Officer  
Department of Health Services  
County of Los Angeles  
313 N. Figueroa Street – Room 912  
Los Angeles, CA 90012

Dear Dr. Garthwaite:

Per our discussions, attached is the proposed Addendum to the Navigant Consulting, Inc. contract for services at King-Drew Medical Center.

Thank you for your assistance with this Addendum. If you have any questions, please contact me via cellphone at (917) 854-7459.

Sincerely,

Kae Robertson  
Managing Director

## *Addendum to Navigant Consulting Inc. Contract Discussion Document*

The original KDMC RFP identified the need for the contractor to provide nurse managers at the beginning of the contract. During contract negotiations it was mutually agreed that the clinical focus and number of nurse managers would be identified during the assessment. As a result the original contract provided a monthly rate for the addition of nurse managers. Navigant has identified the need for a total of five nurse managers in the following areas:

- » Psychiatry
- » Intensive Care
- » Emergency Services
- » Medical-Surgical
- » Operating Room

The original contract allowed Navigant to identify the need for additional implementation resources after the assessment was completed. Navigant has identified the need for an additional physician for the following reasons:

- » Numerous performance management issues being worked through with Human Resources
- » Significant physician mentoring required to achieve throughput objectives
- » Supervision required to achieve effective peer review and RCA processes regarding physician pertinence issues and CAP implementation
- » Significant Chair and Chief performance and recruitment issues.
- » Rapidly growing instability of physician coverage in key clinical areas such as radiology and orthopedics
- » Breadth and depth of overall medical services quality issues
- » A myriad of resident issues, including the number of programs on probation.

Additionally, ambulatory services were dealt with only as an assessment in the original RFP, with the resources for implementation to be identified subsequently. Based on the numerous deficiencies noted in the assessment, Navigant has identified a need for a resource to be added for ambulatory to accomplish the following:

- » Revise scheduling processes with a goal of eliminating block scheduling
- » Develop staffing models to achieve appropriate staffing for all services
- » Address facility and equipment issues related to HIPAA compliance and regulatory and accreditation issues
- » Streamline registration processes, chart retrieval and other workflows to optimize efficiency and effectiveness. This includes the elimination of shadow charts and redesign of Affinity registration screens
- » Implement electronic progress notes
- » Design an Ambulatory Infection Control Program
- » Reduce patient wait times and patient flow between clinics, labs, radiology and pharmacy
- » Realign clinic times, space and staffing to volumes of patient visits

With the additional interim management and implementation support, the contract maximum would increase as shown below:

<b>Area</b>	<b>Revised Increase to Contract Maximum 3/3/05</b>
5 Nurse Managers@36k for 53 months	\$1,908,000
Expenses	\$477,000
<b>Interim Management Subtotal</b>	<b>\$2,385,000</b>
Physician Consultant	\$469,800
Ambulatory Consultant	\$360,000
Expenses	\$207,450
<b>Implementation Subtotal</b>	<b>\$1,037,250</b>
<b>Total</b>	<b>\$3,422,250</b>

Navigant anticipates recruiting replacement permanent staff throughout the life of the contract. If successful, this will reduce the maximum contract amount. The following table is an *example* of how the contract maximum might decrease based on the recruitment plan.

<b>Role</b>	<b>Month Replaced</b>	<b>Professional Fee Reduction</b>
Clinical Nursing Director	July	(\$108,000)
Clinical Nursing Director (2)	August	(\$144,000)
Clinical Nursing Director (2)	September	(\$72,000)
Advisor to Medical Director	August	(\$104,400)
CEO	August	(\$135,000)
COO	September	(\$104,400)
CNO	September	(\$52,200)
Advisor to Pharmacy	August	(\$90,000)
Advisor to Lab	August	(\$90,000)
Advisor to Medical Records	September	(\$52,200)
Advisor to Radiology	September	(\$45,000)
<b>Total</b>		<b>(\$997,200)</b>

<b>Addition to Contract Maximum with Recruitment</b>	<b>\$2,425,050</b>
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